



Bill Draft 2009-TDx-21: Tax Little Cigars.

2009-2010 General Assembly

Committee: Revenue Laws
Introduced by:
Analysis of: 2009-TDx-21

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SUMMARY: *Bill Draft 2009-TDx-21 would tax little cigars as cigarettes.*

CURRENT LAW: Under G.S. 105-113.5 cigarettes are taxed at the rate of 45¢ per pack. Under G.S. 105-113.35 other tobacco products (OTP) are taxed at 12.8% of the cost price of the products. Little cigars are taxed as OTP.

BILL ANALYSIS: Bill Draft 2009-TDx-21 would add "little cigars" to the definition of cigarettes. "Little cigars" would be defined as cigars not weighing more than three pounds per thousand.

EFFECTIVE DATE: This bill would be effective October 1, 2010.

BACKGROUND: Little cigars are a fast growing segment of the tobacco industry. Most packages of little cigars cannot be distinguished from cigarettes and are marketed as cigarettes. Currently taxed as OTP in North Carolina, packages of little cigars are less expensive than cigarettes. The average tax on a pack of little cigars is 32¢, where cigarettes are taxed at 45¢ per pack.

Twelve states and the Federal government tax little cigars as cigarettes

2009-TDx-21-SMTD-147 v2